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DE RUEHPU #0936 1791436
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FM AMEMBASSY PORT AU PRINCE
TO RUEHC/SECSTATE WASHDC PRIORITY 8438
INFO RUEHZH/HAITI COLLECTIVE PRIORITY
RUCPDO/DEPT OF COMMERCE WASHDC PRIORITY
RUEATRS/DEPT OF TREASURY WASHDC PRIORITY
RUMIAAA/HQ USSOUTHCOM J2 MIAMI FL PRIORITY
RUCOWCV/CCGDSEVEN MIAMI FL PRIORITY

UNCLAS PORT AU PRINCE 000936

SENSITIVE
SIPDIS

STATE FOR WHA/CAR, DRL, S/CRS, INR/IAA
SOUTHCOM ALSO FOR POLAD
STATE PASS AID FOR LAC/CAR
TREASURY FOR MAUREEN WAFER

E.O. 12958: N/A

TAGS: [PGOV](#) [PREL](#) [ECON](#) [ENRG](#) [HA](#)

SUBJECT: HAITI ANNOUNCES GAS PRICE HIKES

REF: PORT AU PRINCE 874

¶1. (U) The Haitian government announced June 25 price increases in petroleum products (gasoline, diesel and kerosene) of 10 to 18 percent, effective June 26. Unleaded gasoline (91 octane) and super-unleaded gasoline (95 octane) will rise to the equivalent of USD 6.00 per gallon (up 10 percent) and USD 6.33 per gallon (up 18 percent) respectively. Diesel fuel and kerosene will rise to USD 4.38 per gallon (up 12 percent) and USD 4.38 (up 10 percent), respectively. (Note: The Embassy received unsubstantiated reports June 26 that some gas stations were selling gas at prices higher than those announced by the government. End note.)

¶2. (U) A Ministry of Finance representative explained to Econoff that the price increases resulted from GoH eliminating financial transfers to petroleum companies (which effectively were GOH subsidies that enabled prices at the pump to be capped), but that the GOH would continue to partially waive tax receipts on fuel, as a measure to ease the effect of the price increases. He noted that the ''upward adjustment'' of fuel prices was still only partial. Fuel prices might have to rise again once all ''associated costs,'' i.e., the loss of tax receipts, eventually are been taken into account.

¶3. (U) As an associated measure, the Ministry of Social Affairs announced the same day sharp increases in fares for local transportation. The average cost of a ''tap-tap'' ride within the city of Port-au-Prince rose from seven Haitian gourdes (USD .18) to 12 Haitian gourdes (USD .31). This was a palliative measure aimed at easing the effects of gas price increases on drivers of group taxis (''tap-taps''), the ubiquitous and sole form of public transportation in Haiti. Taxi drivers are the one group affected by fuel price increases who are organized and who can exert political pressure. While helping drivers recoup costs, the fare increase will disproportionately affect poor Haitians, most of whom earn less than USD 2 per day, and for whom ''tap-taps'' are the only form of transport available.

¶4. (SBU) Napoleon Carlo, Secretary General of the Confederation of Haitian Workers -- the largest metropolitan labor union -- told Poloff June 26 that an agreement reached with President Preval and unions stipulated that the government would phase out the gas subsidy gradually. Carlo predicted the public would not view favorably these or any future increases in the price of gasoline and other petroleum products. He commented that the GoH would be better served by communicating more openly with the public on this issue.

